

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 16902
)	
[Redacted],)	DECISION
)	
Petitioner.)	
_____)	

This case arises from a timely protest of a State Tax Commission staff (staff) decision adjusting property tax reduction benefits for 2002. This matter was submitted for decision based on the documents in the file. The State Tax Commission has reviewed the file and makes its decision based on the file.

The amount of property tax reduction benefits depends on the household income--the greater the income, the smaller the benefit. The staff notified the petitioner of the intent to change the amount of her benefits for 2002 because it was determined she had income in 2001 that had not been included in the list of income shown in her application for the benefit. The petitioner appealed the determination.

[Redacted] (petitioner) filed a property tax reduction application on or about April 10, 2002. In a letter dated September 20, 2001, the staff advised the petitioner of the intent to deny her benefits. The petitioner protested the determination.

Idaho Code § 63-707 (5) provides: "The state tax commission may audit each and every claim submitted to it, . . ." During this audit process, the staff examined the petitioner's application and attached documents including a copy of the petitioner's 2001 federal income tax form. According to notes from Ada County, the copy of the tax return was received pursuant to the county's request after the application was received. The petitioner had failed to report federal

adjusted gross income in her application.

Idaho Code § 63-701 uses a series of definitions to state the requirements for qualifying for property tax reduction benefits:

(5) **"Income" means the sum of federal adjusted gross income** as defined in the Internal Revenue Code, as defined in section 63-3004, Idaho Code, and to the extent not already included in federal adjusted gross income: (Emphasis added.)

Idaho Code § 63-701 requires certain monies to be included in income for determining whether an applicant qualifies to receive the property tax reduction benefits. In addition, the amount of benefit to be paid to a qualified applicant is determined by the total household income. The definition of income begins with federal adjusted gross income. The federal adjusted gross income shown in the petitioner's 1040 income tax return is a part of the petitioner's income for property tax reduction purposes.

The staff sent the petitioner a letter advising her that her federal adjusted gross income was required to be included in total income resulting in a decrease of her 2002 property tax reduction benefits. The petitioner appealed the determination stating that she was going to amend her federal return. The petitioner's file was transferred to the Legal/Tax Policy Division for administrative review. The petitioner did not respond to a letter from the Tax Appeals Specialist advising her of her appeal rights.

The property tax reduction benefit is an income based benefit program that includes federal adjusted gross income. Nothing has been submitted to suggest the amount of federal adjusted gross income reported in the petitioner's 2001 federal income tax return is incorrect.

Therefore, pursuant to the definition of income as stated in Idaho Code § 63-701 (5), the petitioner's property tax reduction benefits for 2002 must be reduced from an amount not to exceed

\$1,200 to an amount not to exceed \$570.

The State Tax Commission is aware there is some potential this decision could cause a hardship to the property tax reduction applicant in certain circumstances. The proper jurisdiction to handle such hardship situations falls with the county commissioners pursuant to Idaho Code § 63-711.

WHEREFORE, the decision of the State Tax Commission staff is hereby APPROVED, AFFIRMED, and MADE FINAL.

An explanation of the petitioner's right to appeal this decision is enclosed with this decision.

DATED this _____ day of _____, 2002.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that I have on this _____ day of _____, 2002, served a copy of the within and foregoing DECISION by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[Redacted]

[Redacted]